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SPEECH
OF
EPHRAIM BANKS, ESQ.
OF MIFFLIN,
DELIVERED IN THE
CONVENTION,

TO AMEND THE CONSTITUTION OF PENNSYLVANIA,

DECEMBER 22, 1837.

In support of an Amendment to prohibit Banks from issuing Notes of a less denomination than Ten Dollars, as offered by Mr. Read of Susquehanna.

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SPEECH

OF EPHRAIM BANKS, Esq., of Mifflin, delivered in the Convention, to amend the Constitution of Pennsylvania, December 22, 1837, in support of an Amendment to prohibit Banks from issuing Notes of a less denomination than Ten Dollars.

Mr. Banks said he did not rise to express the sentiments of a delegate from the "woods of Susquehanna," or the "hills of Indiana," but of a delegate from the mountains of the Juniata—and he would do so plainly and respectfully. His constituents would think him negligent of their interest and derelict in duty if he should remain longer silent.

The subject, he said, was exciting and imposing, and nothing but a solemn sense of duty could induce him to attempt to discuss it, and if he followed the example set by most of those who had gone before him in discussing the pending question—he might discuss every thing else that he had heard or thought of. Without any reflection upon the President, he would take leave to say, that after the fashion of the wisest of men, he in his anxiety "spake of things from the stately cedar of Lebanon, to the hyssop that springeth out of the wall." He was always ready to hear that gentleman on account of his intelligence and ability to discuss whatever he undertook, ably if not satisfactorily, but he thought he had rambled in speaking upon this question, more than usual.

The same remark might be made relative to others without offence, as he trusted, when he assured them there was none intended.

They who had given attention to the propensities of the human mind, know full well that it is prone to covetousness—that from the fall of Jericho to the present time; it has caused the destruction of individuals, families and nations. At the overthrow of the city of Jericho, a curse was denounced against such as would touch or take any of the property of the inhabitants, and notwithstanding this, covetousness prevailed in the breast of one man of the army of Jo-

shua—and the whole family of that man was cut off—and what he had was burnt with fire in the valley of Achor, for his transgressions. Gold, silver, and a Babylonish garment prevented the success of the Israelitish army for a time—caused the mourning of the whole nation, and the dreadful extermination of Achan and his family. When Paul preached against the worshipping of false Gods at Ephesus, he was clamored against by those whose business it affected. Demetrius, who, it seems, was most injured in his business by the preaching of Paul, and the disuse of certain silver shrines, complained—excited those who were of the same craft or business, to insurrection, by crying out (as some do now about another institution) "*great is Diana of the Ephesians.*" *By this craft we have our wealth—not living, but wealth.*

He knew it was unpleasant to be told of our misdeeds, and the instruction of history, sacred and profane, is that the *reformer of abuses* performs for the time, a thankless and unprofitable office. The man who would engage in the work of convincing him that his moral deportment was not what it should be, improper and vicious as it might be, would probably, according to the experience of the times, be treated with indignity. Whatever interferes with the interest or vicious habits of men, is likely to induce their indignation, their anger, &c. But be that as it might, he had a duty to perform which had been committed to him, and charged upon him by his constituents, that he could not, and that he must not abandon, more especially in this commercial metropolis of this great State. This city, the pride of all of us, as our commercial emporium, but filled with all manner of stock-

jobbing and speculation. Surrounded as he was by persons interested one way and another in Banking institutions, Presidents, cashiers, directors, and stockholders, and from many of whom he had received respectful and kind attention, he would as much as possible avoid all exciting expressions, while he would, at the same time speak plainly against the destructive principles and practices of the present Banking system in Pennsylvania, and the country. A system which was regarded by many of the best citizens in the Commonwealth as tending to sap the foundations of our free system of government; a system destructive of equal rights, and tending to pass the power of the government from the many to the few; a system no better in character than the rotten borough system of England.

Gentlemen, he said, tell us that we who advocate the restrictive system—who are favorable to enjoining it upon the legislature to prevent Banks from issuing notes of a less denomination than ten dollars, are opposed to commerce—to credit—and wish to destroy the Banking institutions of the country. We, he said, deny it. Every speaker on the side of restriction has denied it, and still, gentlemen, insist upon it. Be it so—it is preposterous, and he would not trouble the committee with further denial. No, Sir, he said, the friends of this amendment only desire the legislature to be compelled to place *ligatures* round the banking institutions of the State, so as to prevent *expansions* and *contractions*, which may suit the views and interests of speculators, but which are injurious to the morals and interests of the whole people.

Gentlemen, said Mr. B. call those who desire reform in the banking system of the State and country, *agrarians*, *loco focos*, and all manner of hard names. Sir, he exclaimed, reformers are neither frightened nor injured by hard names. They have always been spoken of, and treated with indignity, by the nobility and aristocracy of every country. Their fathers of the Revolution, “who fought and bled in freedom’s cause,” were called *rebels*—mocked and sneered at by the

minions of power; but they persisted in their resistance of tyranny, and succeeded; and so will their sons at all times, and in every exigency—if they ask for nothing that is not right, and submit to nothing that is wrong.

His long tried and fearless friend, from Indiana, (Mr. Clarke,) had been reflected upon severely, for preferring the aristocracy of the sword to the aristocracy of money. Gentlemen will recollect, that John Randolph said, when opposing the re-charter of the old United States Bank—If I must have aristocracy, let it be, that of the epaulette—something that I can respect, while I fear; not the aristocracy which commands and rules with a *quill behind the ear*! The idea is the same, and the conclusion the same.

How could it be, that preventing banks from issuing notes of a less denomination than ten dollars, would destroy them? Gentlemen do not believe it themselves. He asked, did the act of Parliament of 1826, prohibiting the Bank of England from issuing notes of a less denomination than *five pounds* destroy that institution? Did the act of our legislature of 1828-9, prohibiting the issuing of notes by the banks of a less denomination than five dollars, destroy, or in the least degree injure the banks or their standing with the people? No, Sir. The banks were not injured, and the people, by these acts, obtained and handled gold and silver instead of *rags*.

It is a curious fact connected with this discussion, he said, that while the opponents of reform admit, aye, and are forced to admit, that the present system is defective and ought to be reformed, not one of them has offered a single amendment, but the gentleman from Lancaster, (Doct. Cochran) and it is not much more than an apology for an amendment. However small as it was he would take it for so much and hope for more.

The conduct of gentlemen reminded him of the conduct of persons, who when talked to about improprieties in relation to their moral conduct, would admit all you alleged against them, and

talk of reform; but the time—the convenient season, never came. Let them come up to the work like men, and offer their propositions of amendment, and they will then learn who will “toe the mark.” This is all his friend from Luzerne (Mr. Woodward) intended, when he used the offensive word, coward, in speaking on this subject.

He said, he would not follow gentlemen in their rambles after *currency* all over the world—what was it to the committee, to this community, he meant the State, and country—if gentlemen preferred an extended view, that shells, and leather, and iron, had been used as currency in one country and another in the world, this committee has nothing to do with them, or any one of them, as currency. This government, State and general, has to do with but gold, silver, and paper as currency.

He would, now, he said, state the origin, rise, and progress of banking, as made known by history, and as known, in the United States, as briefly as he could, from the Bank of Venice to the Bank of the United States, as it is now in existence—not of all the institutions of that kind which had existed, but of some of the leading ones—and here he would take leave to say, that he doubted whether this enquiry and discussion would have been introduced, had it not been for the refusal of the re-charter of the U. S. Bank, and the charter as granted subsequently, by the Legislature of Pennsylvania, to the present stockholders of the present Bank of the United States. Gentlemen could judge for themselves, and their constituents judged for themselves, as to the why and the wherefore of the refusal to re-charter, and the agreement subsequently to charter the existing institution. They could and would judge of how far political considerations and controversy had been carried to prevent the one and cause the other. They could and would judge of, whether or not the late Bank of the United States had attempted to interfere with the Administration of the Government. All have some belief on this subject, and act according to their belief.

When complaint is made against this institution, the opponents of democracy talk of New York influence. He could say to them, that he was a Pennsylvanian in every particular, hoped she would always be right, and always successful.

The Bank of Venice was established in 1171, during the Crusades, and for the purpose of rendering assistance to those expeditions. It was a Bank of deposit *only*, and strictly a public bank, as the government became responsible for the deposits. The whole capital was in effect, a public loan—the funds of the bank being made use of by the government; and in the early period of the operations of this bank, they were not withdrawn when once deposited; but the depositor had a credit at the bank to the amount deposited; and he used the money so deposited, by transferring this credit to another person instead of paying money. Subsequently however, the deposits were allowed to be withdrawn; for, though the bank credits answered all the purposes of money at Venice, a *specie currency* was wanted by persons going abroad, or having payments to make in distant places. *This bank continued in operation until the dissolution of the republic in 1798.*

The Bank of Amsterdam was established in 1609, and owed its origin to the clipped and worn currency, which being of uncertain and fluctuating value, subjected the exchanges to a corresponding fluctuation and uncertainty. The object of the institution was to give a certain and unquestioned value to a bill on Amsterdam; and for this purpose the various coins were received in deposit at the bank at a certain value, according to their weight and fineness, a small deduction being made, equivalent to the supposed expense of coinage into money, of the proper weight and fineness, and the depositor was also required to pay a small amount for the privileges of having an account at the bank. In one respect, this bank differed from that of Venice, as the deposits were not taken out and used by the government, but remained in the vaults.

This was a bank merely of deposit and transfer: neither made loans nor circulated bills. The direction of this bank was placed in the hands of four burgomasters or aldermen, chosen annually, and no speculation or breach of trust had ever happened in it.

The Bank of Hamburg was established about ten years after that of Amsterdam, and like this latter, was a mere bank of deposit and transfer. The deposits being made in coin or bullion, at a certain fixed rate, and liable to be withdrawn by the depositors: any one having credit at the bank, might draw out the amount of his credit. The bank had not properly any capital of its own; the whole funds being liable to be withdrawn at any moment.

The directors of this bank, five in number, were chosen annually, by the whole body of the citizens of Hamburg, having a right to vote for municipal officers.

The Bank of England was one of deposit, discount and circulation. It was chartered in the reign of William and Mary, 1693, seventy or eighty years after those of Amsterdam and Hamburg, and, by an act, among other things, secured certain recompenses and advantages to such persons as should advance the sum of £1,500,000, towards carrying on the war against France.

This bank was first chartered for eleven years, and the corporation denominated the *Governor and Company of the Bank of England*. Like that of Venice, and unlike the banks of Amsterdam and Hamburg, this bank was originally an engine of the government, and not a mere commercial establishment. On a capital of eleven millions of pounds, the bank receives interest on between thirty and forty millions, including the interest on the government loans, besides the bonus annually paid by the bank for its agency in the financial concerns. This accounts for the high rate of dividends made on the capital stock as above stated, being between two and three times the current rate of interest in Great Britain. Since February, 1829, this bank has not issued notes of a less denomination than £5.

The Bank of France was established in 1803, by the union of three private banking institutions of Paris.

It is strictly a government institution. The capital was in 1807, increased from 45,000,000 to 90,000,000 of francs, and the charter extended to forty years. It makes a clear profit to the stockholders of about twenty per cent: issues no small notes, and the great part of the currency of the kingdom is specie.

The old bank of the United States was incorporated by an act of Congress passed in February, 1791. By the limitation of its charter, it was to expire on the 4th of March, 1811. This, like the Banks of England, France and Sweden, was a bank of deposit, discount, and circulation, with a capital of 10,000,000.

The late bank of the United States was chartered under an act of Congress of April 10, 1816, for twenty years, with a capital of \$35,000,000. The stockholders paid to the government a bonus of \$1,500,000; and the government held at the same time one-fifth of the stock. The charter expired on the 4th of March, 1836—Congress refused to re-charter the institution, and the legislature of Pennsylvania, by act of Assembly of February, 1836, allowed it a charter for thirty years, on the conditions mentioned and set forth in the act. He deemed it unnecessary to recite the terms and conditions upon which that bank was chartered. He believed they were sufficiently known to the committee and the country, and would not then turn the attention of the committee to them. Nor would he then detain the committee with any remarks of his relative to the impropriety of granting the charter of the present bank of the United States, or the repealing power, and the right to exercise it, but would leave these topics for future times, particularly the last. The first he would notice to some extent before he would sit down.

He would then turn the attention of the committee to the history of paper money in the colony and State of Penn-

sylvania, and the Continental money of the Revolution. The first paper money issued in the colony of Pennsylvania, was issued in 1723.

The Province of Pennsylvania made its first experiment of a paper currency in that year. It issued in March fifteen thousand pounds, on such terms as appeared likely to be effectual to keep up the credit of the bills. It made no loans but on land security, or plate deposited in the loan office; obliged the borrowers to pay five per cent; and made its bills a tender in payment of all debts.

The first continental money was emitted by Congress, in 1775; but the notes were not in circulation till the August following. Till the issues extended to nine millions, the bills, according to the testimony of Mr. Jefferson, passed at their nominal value. The depreciation afterwards was very great. In 1781, the continental bills ceased to circulate as money; but they were afterwards bought up on speculation, at various prices, from four hundred to one thousand for one.

The next, and first by a banking company, was by the Bank of North America. Then followed the Bank of Pennsylvania, in 1791, and with the avowed object of, as all the friends of the paper system has always been, aiding and facilitating commercial transactions. And where is the man, he asked, that would allow his money to lie in bank at *six per cent*, whilst engaged in trade and commerce? He must either have more than six per cent. per annum for it, or he would, knowing that he could make more by it, risk it in trade or commerce. And here, he would take leave to remark that much as the people of this country, loved their institutions, civil and religious, if, they are ever impaired, ever sapped, and undermined—the train will be laid in commerce. The desire to buy and sell, in view of gain, sets at nought all municipal regulations; and certainly in many correct moral feeling and action. An old friend of his, and who was a member of Congress during the great battle about the tariff, in perhaps, 1824, had said to him, being a friend of the tariff system, and now battling it

stoutly on the whig side, in politics, that if ever the liberties of this country should be destroyed, it would be by luxury introduced through the instrumentality of commerce. He, Mr. B., then instanced the fact of the continued trade in British manufactured toys, or images, made of silver, brass, and other metals, with the Hindoos in India; while Bible societies, and Missionary societies, were exerting themselves to convert them to the truths of the Christian religion. Let the love of gain be the master passion with any man, or set of men, and it swallows up every thing else that is valuable.

He then proceeded to show, that the destruction of the cities of Greece—the government itself—and the government of every county which had risen and fallen, had so risen and fallen from luxurious and voluptuous living introduced by commerce. The Persians, he said, could never have succeeded in the overthrow of the Grecian government, if it had not been for their gold, their currency, if gentlemen preferred the word currency, and consequent effeminacy among the Greeks. History, he said, informs us, that Persian gold accomplished, in the destruction of Greece, what Persian steel could not—and so it had been, and in his opinion would be, to the end of time.

It was attempted to distinguish between the gold and the paper system of this country; but none can tell what may be effected in the destruction of our liberties by the paper system, as it exists at present in this country, with *foreign gold* for its basis.

The government of Sparta, as founded by Lycurgus, and one of the most enduring, was founded upon the purest principles, of liberty, industry, temperance, patience, virtue, justice, and valor. It taught the *most sovereign contempt* of riches, idleness, luxury, effeminacy, cowardice, and sloth; alike disclaimed the principles of ambition, and conquest; was sanctioned by the oracle of Delphos—rendered permanent by an oath of his country, to maintain the constitution in his absence, until he should return; sealed by his voluntary banishment and death; continued in

successful operation about five hundred years; enabled Sparta to triumph over Athens in the Peloponnesian war, and became the arbiter of Greece.

All Sparta was one great school; and the maxims of his government were the fundamental principles of education. Rational knowledge formed the wisdom of Sparta.

The difference of character between the Athenians and Spartans, was such as is common to states which are *agricultural* and *commercial*. Sparta was *agricultural*—Athens *commercial*; the seat of the muses and the arts. Solon, as the chief magistrate, or Archon of Athens, attempted to reform her government, and reduce it to a practical system—but failed. He lived to see it overthrown and destroyed. Leaving Athens under the dominion of the tyrant, Pisistratus.

He would then read some extracts from a work on Banking, as written and published by a gentleman of the name of GOUGE, whom he knew nothing of personally; but judging from the work he held in his hand, on the subject mentioned, he must be a man of intelligence, and treated it as though he was acquainted with it. On the ways and means of obtaining acts of incorporation for bank charters, he says:—

“When a bill was under consideration in the year 1828, to renew the charter of the New York State Bank, General Root, then Speaker of the Senate of that commonwealth, made the following statement:—”

“This Bank was,” he said, “chartered in 1803, whoever the original applicants, and whatever the representations made to the country members, it is not necessary to state; at all events, it was to be a State Bank, and a democratic one. I was urged to be a subscriber to the Bank; it was said the shares were to be scattered over the State, and the members of the Legislature were to have shares. It was one of the most open, bare-faced acts of bribery that can be imagined. I was induced to subscribe; but I lost all the shares, but a few; they said they had lost the subscription paper, or some such thing. I

afterwards had the offer of script for eight shares. I would not take it; so they took them to themselves as I suppose.”

“In 1816, Mr. Hopkinson, of Philadelphia, had the boldness to declare, in Congress, that he considered the litter of banks lately created in Pennsylvania, as the offspring of private speculation and legislative fraud.”

Here, Mr. B. remarked, that the honorable gentleman, now one of delegates from the city, is the same who made the statement quoted—and now advocating for the banks.

“To get a majority to vote for a new bank, is, in some instances, no difficult undertaking. In Pennsylvania, there is a mode of running bills through both Houses, known technically as “log-rolling.” In this way it may chance that fifty or a hundred bills are passed in the course of a session; each of which, if suffered to rest on its own merit, would have been rejected.

“Many members, of the legislature, are averse to this practice; but many of them are reluctantly brought into it, by the refusal of the “log-rolling” members to vote for good public bills, unless their own private bills are passed at the same time!”

Mr. Banks, then remarked, that the experience of every gentleman in the committee, who had been a member of the legislature, would enable him to judge whether this statement was or was not correct—he would leave gentlemen to their own reflections and conclusions.

Mr. B. then said, he would turn to the remarks of this writer upon the subject of the advantages which this banking system gives to some men over others. He would be as brief as possible to be understood.

“To test the banking principles fairly. Suppose a county to contain a thousand families, of ten persons each, and each family to be worth five thousand dollars; the tenth of this wealth, or five hundred dollars, for each family, we will suppose to be in silver money—the rest is in land, houses, and various commodities. The state of credit in this county is as sound as the state of the currency. The

distribution of wealth is left to natural laws. The production and acquisition of riches are never separated. Every man enjoys what he produces, and what he saves; and no man enjoys what is produced, or what is saved by another. We will suppose the income of this community to be one million of dollars, or one thousand dollars a year for each family, and that seven hundred thousand dollars of this aggregate income, is derived from industry, and the rest from capital profits, being at the rate of six per cent. In this county are ten men of a speculative turn of mind, who grow tired of working and saving, and wish to grow rich in some more easy way. They apply to the legislature for a charter for a bank, with a nominal capital of one hundred thousand dollars, divided into one thousand shares, of one hundred dollars each; and their prayer is granted. It is provided in the charter that, as soon as five dollars shall be paid on each share, the bank shall commence operations. The payment of the other instalments is, according to the custom in Pennsylvania, left to the discretion of the directors."

"The business of banking is now in this county, and as none clearly understands its operation but the ten speculators, they subscribe for the whole of the stock, or for one hundred shares, each."

"The Bank then commences business, and issues notes to the amount of twenty-five thousand dollars. By the contrivance of "convertibility," and by another contrivance, by which they are made receivable in payment of the dues to the government, the notes become current. The notes are borrowed by the speculators. Each speculator has then, two thousand five hundred dollars at command, instead of five hundred. It is true, he pays interest to the bank as a borrower; but he receives the same interest back as a stockholder. Thus it is evident, that the equality of wealth is destroyed."

"The possession of a moneyed capital, so much greater than that of his neighbors, will give him advantages in trade, equal to double the amount of interest.

But estimating his advantages, as equal only to six per cent: his annual income is increased from one thousand dollars to one thousand one hundred and twenty. His five hundred dollars, which formerly yielded him but thirty dollars in a year, are now, by their conversion into bank stock, made to yield him one hundred and fifty; for each metallic dollar is, by this contrivance, made to produce as much as five did formerly."

"this is only the first operations of the bank. Some of the families of the county, deposite their silver in the vaults of the bank for safe keeping. Other families, finding that bank notes serve all the purposes of domestic trade. This creates a new demand for bank notes as a circulating medium. In time, the bank finds that its permanent deposits of silver, are not liable to be reduced beyond a certain amount, and to increase its profits, it lends silver to those who export it."

"The time has now come, in which the speculators may sell a part of the whole stock: They may, with safety, dispose of seven hundred and fifty shares, to widows and orphans, and literary and charitable institutions, *for these will never interfere with bank management.*"

This, Mr. B. exclaimed, is the way and manner in which the stock passes to the widows and orphans which the committee had heard of, by the President and other gentlemen. Did any one ever hear of their having to do with institutions of the kind in the first instance? Did you, Mr. Chairman, ever find them struggling at sales for bank stock. No, sir, said Mr. B. nor never would.

It had been his fortune to witness the sales of the stock of the Western Bank of Philadelphia' and of the Girard Bank, and he had no hesitation in saying that, more outrageous scenes of struggling and strife for money power, could not have been committed. Clothes were torn, heads were broken, and every outrage upon quiet and orderly conduct practised, that the love of money could induce; and that too, in the midst of this city of brotherly love. Gentlemen, after

what he had seen in the instances mentioned, might save themselves the trouble of telling him, that such mob-like conduct was for the public good alone, or mere six per cent interest. But the gentleman from Crawford, (Mr. Farrelly) says it is right and fair enough for a man to engage in banking in view of making the most of his money. Fair enough, when he, as an individual, cannot make more than six per cent, because the law against usury, prevents him on loaning it to take more, to engage in banking, that he may make sixteen or eighteen per cent!

The arguments of other gentlemen lead to the same conclusion, although they have spoken more cautiously.

He would now, he said, request the attention of the committee to what this writer has answered to this question. Is paper money cheaper than specie?

"The events of the last thirty years have created a suspicion in most men's minds, that there is something not exactly right in our banking system. Indeed, the very head of the system, the President of the United States Bank, seems to be a sceptic as to its utility. He acknowledges that it is attended with great danger; but then he says, 'the substitution of credit for coin enables the nation to make its exchanges with less coin, and of course saves the expense of that coin.'"

Mr. Gallatin, who is now President of the National Bank, at New York, goes still farther:

"The paper currency for the precious metals, does not," he says, "appear to be attended with *any* substantial advantages in cheapness."

Bank notes, it must be confessed, come *very cheap* to those who *issue* them. But to those who *receive* them, bank notes come as dear as gold and silver.

The farmer must give as much of the product of his labor for a paper dollar as for a silver dollar.

"It is alleged by some, that bank notes increase the aggregate capital of the community, since they cause silver, which produces nothing, to be exchange-

ed abroad for commodities useful in the arts, or for household consumption." But it is not true, that silver money produces nothing. It is as productive, as any other labor-saving machine. Its uses in commerce are as great as the steam engine in manufactures.

Neither is it true that the aggregate capital of the country is increased, when silver coin is displaced by bank notes. A mere exchange is made of one capital for another. The precious metals are exported, and laces, wines, silks, sattins, and ostrich feathers are received in return. A nation that carries its consumption of foreign luxuries so far, as to leave itself without a suitable medium for domestic exchanges, may be compared to a mechanic who barter the tools of his trade for the enjoyments of the alehouse. *Money is the idol of all trades.*

"Every man desires money, because he can therewith procure whatever else he desires. If paper can procure for him the object of his desire as readily as gold and silver, paper is as desirable to him as gold and silver. The Bank, therefore, finds borrowers for all the coin it has to lend, and all the paper it deems it safe to issue. This addition of notes to the amount of metallic money previously in circulation, raises first the prices of some articles, and then of others. The borrower from the Bank having more money, either paper or coin, at command, can offer an additional price for the object of his desire, or perhaps procure some desirable object that was before unattainable. He from whom the borrower has bought, having made a speedier sale, or perhaps received a higher price than would otherwise have been possible—he also has it in his power to obtain some object of desire that was not before within his reach. A third, a fourth, a fifth, a sixth, each in his turn, derives a like advantage from this increase of circulating medium. The rise of prices is confined for a time to store goods, but it at length reaches real estate, and finally the wages of labor. Industry is stimulated, and enterprise encouraged. Speculation is excited, private credit is strain-

ed, and the representatives of private credit are multiplied. Every body is active, and all branches of business appear to be prosperous.

"Nothing could be prettier than this, if prices could be kept *continually* rising. But it is unfortunately, only while the amount of Bank issues is actually increasing, or for a short time after they have attained their maximum, that society derives this apparent benefit from paper money. In due time the paper affects all articles in nearly equal proportions; and men then discover that for an object of desire for which they had formerly to give one dollar, they have now, to give one dollar twenty-five cents, or one dollar fifty; and that it is not more easy to get the one dollar and fifty cents to make the purchase with, than it was formerly to get one dollar. The value of land, labor, and commodities, as compared with one another, is the same as it was before. It is only the *money price* that is enhanced. The effect this has on public prosperity, is much the same as that which would be produced by changing accounts from pounds, shillings, and pence, to federal money. The sum total of dollars would exceed that of pounds, but the articles of the value of which they would be the exponents, would be unaltered in number and in quality."

"It would be well if the issues of the Banks had no other effect than that of *apparently* increasing the wealth of the community, by raising the money valuation of all kinds of property. But these institutions do not continue their issues long, before they raise the price of some commodities above the price they bear in foreign countries, added to the costs of importation. In foreign countries the paper of the Banks will not pass current. The holders of it, therefore, present it for payment. The Banks finding their paper returned, fear they will be drained of coin, and call upon their debtors to pay what has been advanced to them. In two ways, then, is the quantity of circulating medium diminished: first, by the exportation of specie: secondly, by the withdrawal of paper from circulation. Prices fall as

rapidly as they had before risen. The traders find that the goods in their stores cannot be disposed of, unless at a loss."

"The different members of society had entered into obligations proportionate to the amount of circulating medium in the days of Banking prosperity. The quantity of circulating medium is diminished, and they have not the means of discharging their obligations. The merchandise, the farms, the houses, for which they contracted debts, may be still in their possession; but the product of the farms will not bring, perhaps half as much as will pay the interest of the original purchase money; the houses will not rent for as much as will pay the interest on the mortgages; and the store goods must, if sold at all, be sold below prime cost. Bills of exchange are dishonored, and promissory notes protested. One man is unable to pay his debts. His creditor depended on him for the means of paying a third person to whom he is himself indebted. The circle extends through society. Multitudes become bankrupt, and a few successful speculators get possession of the earnings and savings of many of their frugal and industrious neighbors."

"By the reduction of the amount of Bank medium, the prices of things are lowered, the importation of some kinds of foreign goods is diminished, and specie is brought back. Then the confidence of the Banks is renewed, and they recommence their issue of paper. Prices are raised again, and speculation is excited anew. But prices soon undergo another fall, and the temporary and artificial prosperity is followed by real and severe adversity."

"Such, as has truly been said by Mr. Biddle, the President of the United States Bank—"such is the circle which a mixed currency is always describing."

He, Mr. B. then touched upon the general effects of the present system of banking, and on that subject, the author of the work, from which he had quoted, expressed himself in the following language:

"The rise of prices that follows an expansion of bank medium, and the fall that follows a contraction, do not affect

all descriptions of labor and commodities at the same time in an equal degree. The usual effect of an increase of issues, appears to be to raise still higher those articles which are rising from some natural cause; and the effect of a contraction, to sink still lower those which are falling from some natural cause. Malthus has observed, the tendency of paper money, is in some instances, to sink prices to their lowest, and raise them in others to the highest point. Of rise of prices produced by expansions of Bank issues, we had striking examples in 1825 and 1831, and melancholy proofs of contraction in 1820."

Wages appear to be among the last things that are raised by an increase of bank medium. The working man finds all the articles he uses in his family rising in prices, while the money rate of his own wages remains unchanged. In the year 1831, which was a year of great expansion, rents rose enormously in many parts; store goods advanced in price; and such fresh provisions as are sold in the market, were higher than they had been at any time since the resumption of specie payments after the suspension; since the war of 1812; but the money rate of wages was hardly affected.

Suspensions and resumptions of specie payments only make the effects of contraction and expansion more obvious. The money of the country is paper money now, as it was in 1815 and 1816. Its countibility finds limits on its expansion; but frequent contractions are necessary to keep it countible; and expansions and contractions are followed by very pernicious consequences.

As in the case of all public evils, the system leans with most hardship upon the poor. The rate of wages is, as we have seen, the last thing affected by an expansion; and one necessary consequence of a contraction, is to deprive some men of employment. If a rich man cannot sell his merchandise to-day he can sell it to-morrow; and if he cannot sell it for full price, he can sell it for half-price. But labor is the poor man's

only commodity. If he cannot sell it to-day, it is lost to him forever.

These are the influences, said Mr. B.; these expansions and contractions, which the friends of the amendment proposed by his friend from Fayette (Mr. Fuller, are anxious to prevent. They do not prefer any system which will, like the bed of *Procrustes*, extend their business transactions, or contract them at pleasure for the advantage of speculators.

The author quoted from, further says, said Mr. B.—"If the speculator is a bank director, or a favorite with bank directors, happy is his lot. Is there a scarcity of money? It affects him not. Money is made more scarce with other men, that it may be made plenty in his pockets. Whatever may be the condition of others, he is in no danger, but is benefited.

In the language of the report of a committee of the New York legislature, made in 1818, he, Mr. B. would add, "Of all aristocracies none more completely enslave a people than that of money; and no system was ever better devised so perfectly to enslave a community as that of the present mode of conducting banking establishments. Like the syren of the fable, they entice to destroy. They hold the purse-strings of society; and by monopolising the whole of the *circulating medium* of the country, they form a precarious standard, by which all property in the country, houses, lands, debts and credits, personal and real estates, of all descriptions, are valued; thus rendering the whole community dependent on them."

And Mr. Jefferson has, on this subject of banking institutions, remarked:

"They have taken deep root in the hearts of those from which our legislators are taken, and the sop to Cerberus, from fable, has become history. That paper money has some advantages must be admitted; but its abuses are also inevitable, and makes a lottery of all private property."

General Washington, in 1780, in a letter to a friend, writes as follows, *relative to the avarice of speculators, &c.*

Friends and foes seem now to com-

bine to pull down the goodly fabric we have been raising at the expense of so much time, blood, and treasure; and unless the body politic will exert themselves to bring things back to first principles, correct abuses, and punish our internal foes, inevitable ruin must follow. Indeed, we seem to be verging so fast to destruction, that I am filled with sensations to which I have been a stranger until these three months. Our enemies behold with exultation and joy how effectually we labor for their benefit, and from being in a state of absolute despair, and on the point of evacuating America, are now on tiptoe. Nothing, therefore, in my judgment, can save us, but a total reformation in our own conduct, or some decisive turn of affairs in Europe. The former, alas! to our shame be it spoken, is less likely to happen than the latter—as it is now consistent with the views of speculators, and the various tribes of money makers and stock-jobbers, of all denominations, to continue the means of their own private emoluments, without considering that this avarice and thirst for gain, must plunge all, including themselves, in one common ruin.”

Having now said something of the origin and progress of banking—the danger of the influence of money upon community and government, and the apprehension many good men had, that the liberty of this country would be jeopardized, undermined, and destroyed through the instrumentality of commercial intercourse, and the late United States Bank, he, Mr. B. would, as briefly as he could, speak of the chartering of the present United States Bank; and in doing so, he desired gentlemen to understand, that he would not willingly wound the feelings of any. It was not in his composition to wantonly insult any man or set of men; but having a duty to perform in this matter for his constituents, he must discharge it and take the consequences.

If the Bank Presidents, Cashiers, Directors, Stockholders and others, who might hear him, should set upon him, as certain officers of the army did upon John Randolph of Roanoke, after hav-

ing called them in debate, and while Congress sat in this city, *Ragamuffins*, he must speak what he believed to be the opinions and will of his constituents. The President of the Convention has spoken of “war to the knife.” Does he remember, that the wise and good Nathaniel Macon, saved Mr. Randolph from personal injury, by presenting himself as his friend, with no other weapon than a common *pen knife*. Another, a larger and a better knife was, on this account, afterwards, presented by Mr. Randolph to Mr. Macon, and subsequently, the same knife was given by Mr. Macon to the fearless Col. Benton. —So much for the *knives*.

However unwilling gentlemen might be to hear it, he must, in the language of the gentleman from Luzerne, (Mr. Woodward) say, the act of assembly, authorizing the charter, came upon the people “like a clap of thunder from a clear sky;” and although the gentleman from Indiana, (Mr. Clarke) had been severely rebuked, for using the word *indecent*, in reference to the haste with which the act was passed, he would take leave to say, that in the opinion of his constituents and his own opinion, it was so passed. The gentleman from Indiana, had, he supposed, used the word in a comparative sense. And if the time usually required for a bill to pass in the legislature, is the *decent* time, then the act of incorporation for the United States Bank, was passed with *indecent* haste.

No bill incorporating a turnpike road company, bridge, insurance, or other company, that he had any knowledge of, ever was passed in such haste.

Gentlemen may complain when they hear bribery and corruption intimated or alleged against certain Senators. He would not say, that either senators or representatives were guilty of either of these things—it was not necessary on this occasion, that he should; but he would say, that many of his constituents, and many of the people of the State, believed there was something improper—something savoring of fraud practised upon them by the passing of the act of February, 1836, authorising the char-

ter of the United States Bank. They are jealous of their rights, and rightly so. Our constituents, he said, are so of us. I wish gentlemen, to remember, that "love is strong as death, and jealousy cruel as the grave."

It was this idea which caused the editor of a newspaper in Bedford county, and the organ of a portion of the people of that county, to publish that, unless the people of the State would get relief from the oppression of this institution, they "would raze it to the ground, and strew salt upon its foundation."

Let gentlemen turn to the act itself, and after noticing the appropriations made for one object and another—a turnpike road here, a rail road there, a bridge in one place, and a branch of the United States bank in another, and tell him whether there was any thing "passing strange," or wonderful, in the suspicions of the public.

Sir, said Mr. B. suspicion is fastened upon them (the actors in that drama) as they fastened the Bank of the United States upon the Commonwealth; and like the *shirt of Nessus*, it cannot be removed without tearing the flesh!

It was scarcely necessary to occupy the time of the committee in rehearsing the belief of many of his constituents and others in the State, that stock of the Bank was purchased during the pending question in the legislature, at depressed prices; and which, after the charter was allowed, was sold at twenty to thirty per cent. advance—aye, and by certain Senators, who, it was supposed, had sworn upon the altar of their country, never to aid, by word or action, in the passage of such an act. He knew they endeavored to excuse themselves, by asserting, that the condition of the finances of the State required the withdrawal of their hostility, and moreover, their aid in the project. And he knew also, that it had been said, "necessity had no law."

None that were conversant with, and understood the condition of the commonwealth at the time could seriously believe in the necessity. The cloak was not large enough to cover itself.

The institution had been called a committee.

monster; and well it might being the production of a most unnatural union—to say nothing of perfidy—a union of fragments of parties, as essentially different as vinegar and oil—of substances repulsive as the elements of fire and water, and yet attracted, when a common object was to be gained, even in the production of a monster. It was a law of nature; that monsters never produced their like, and such another would not soon appear in Pennsylvania.

The illustration given by his friend from Susquehanna (Mr. Read) for the purpose of satisfying the committee of the impropriety, on sound moral principles, of the suspension of specie payments by the banks, in the month of May last was, in his opinion, conclusive. He had learned, that when driven to the wall, and no room or way left to escape, even homicide might be justified. But to allege that the suspending banks had money in abundance to satisfy their creditors, and yet refuse to do so, was, in the estimation of the uninitiated, what in individual transactions, would be condemned.

It was, he said, painful to contend with gentlemen on a subject of this character—a subject involving every thing dear in civilization—and which, if the principles contended for here, should be carried out into all the relations of life, as it might be, would unhinge society, and cause the destruction of commerce, credit, and every institution in the State and country. He hoped for better things, and would never despair of the Republic.

When the question relative to repealing bank and other acts of incorporation should be reached, he, Mr. B. would, if he had the opportunity, take occasion to speak more at large on this subject,—it was an important one.

He had much to notice in the arguments of the gentlemen from the city—the gentlemen from Franklin—the gentleman from Erie—the gentlemen from Allegheny, Butler, and others on that side of the question, but he would not occupy any more of the time of the

He would conclude by expressing his confident belief, that if no notes of less denomination than ten dollars, were issued by the banks of the State, the vacuum would very soon be filled with gold and silver, as had been the case after the passage of the law prohibiting the circulation of notes of a less denomination than ten dollars, and which, as a member of the legislature, he aided in passing. Gentlemen here and elsewhere, might avow that they would prefer five dollar notes to half eagles, *rags to bullion*; but without any reflection upon such expressions, he must entertain a different opinion, and vote accordingly.

NOTE.—Mr. Banks was prepared to answer the arguments of gentlemen, that the present banking system had cleared our lands—built our houses—made our towns, and villages, and cities what they are.

He intended to show, that these things had been accomplished by labor—the labor which caused the sweat of the brow.

He was also prepared to answer the avowal of the President, that commerce is every thing to man—that *life itself had been lengthened by it!*

He intended to show, that letters—the sciences—the arts (particularly printing,) had done more for bettering the condition of man, than commerce. But he, without taxing the patience of the committee, which had already indulged him very favorably, could not do so, and he therefore desisted.

TO THE PEOPLE.

The subjoined extract from the *Pennsylvanian*, is a graphic sketch of part of those *low, long, black*, tricks and manœuvres put into operation by the shin plaster party in the Reform Convention, for the nefarious purpose of defeating reform and retarding or obstructing the adoption of an improved system in the monetary concerns of the Commonwealth; and to effectually fasten the *leech* and *pirate* aristocracy of avarice upon the Body Politic.

The people will profit by this additional evidence of shameless prostitution of honor and honesty, on the part of the suborned advocates of irresponsible chartered corporations; and the cause of reform and human improvement must and will acquire additional impetus in its onward march, by the detection and public exposure of the sneaking, sinister meannesses, and *Sergeantisms* of its opponents.

REFORM CONVENTION.

It will be seen by our report of the proceedings of this body, that an amendment restricting the Legislature on the subject of Bank charters has been passed by a vote of 85 to 29.

The conservatives had voted down a number of amendments of a similar character, by a majority of one or two votes in consequence of the absence of as many of the friends of reform, during Thursday and Friday morning, but on Friday afternoon the latter came in, and it was found that a majority of the Convention were determined to carry the subject through. Then commenced a course of action on the part of the conservatives, that fully showed their recklessness of principle. Every means was tried to frighten the friends of reform—to coax them by offers of compromise—to weary them out by long speeches, filled with inflammatory attacks, made only to provoke replies and cause delay—motions to postpone—calls of the previous question, and motions to adjourn. All this was kept up until one o'clock in the morning, when the vote was taken, and after all their opposition, many of the conservatives voted for it, finding it would pass.

During the afternoon and early part of the evening, Messrs. Hopkinson, Meredith, Scott, and others, tried every means in their power to defeat the proposed amendment. Then Dickey came to the charge with his "legislative tact" at the previous question, and "postponement." Dunlop brought up his *light* troop of "motions" and "speeches" that would have gained him great applause as the clown of a circus, but which were suffered to pass in the Convention without even a *laugh*. Cox, with the vanguard, entered the field at near eleven o'clock, and regaled a few

conservative ears for two hours, reading from magazines and newspapers, &c. beginning with the discovery of this country by Columbus, and ending with Oseola in Florida, the interim filled up with all the low political slang of the various ages through which he passed—all of which was pronounced by the President to be "in order." Having read all his newspapers and delivered in detail all the elegant epithets he could find in these "all decency" papers, against Gen. Jackson, Mr. Van Buren, Democrats, Radicals, "Loco foco," &c. none of which however were either listened to or noticed by the reformers, he took himself off, as had done Dunlop and some other of the great conservative leaders.

The friends of reform now again attempted to get a vote, when another of the hundred motions to adjourn was made. The rule of the Convention does not allow the yeas and nays on motions of adjournment, but to prevent erroneous decisions which are said to have been suspected several members of the Convention had called throughout the evening for tellers, which had been appointed by the chair, but in this latter instance they were refused, and the President said he would decide for himself, and declared that there were 55 for the adjournment and 53 against it. The reformers to a man stood in their places and denied the correctness of the decision—refused to adjourn, and appealed from the chair. At this determined opposition the President turned pale, and attempted to force his decision; but finding his friends did not back him, he gave way, and appointed tellers, who returned 54 for the motion and 61 against it! So much for the great John Sergeant—to whom it was reserved to attempt to defeat the popular will, by prostituting his power as presiding officer to what would seem to be an open palpable and proved *fraud*!!

We cannot close this article without doing justice to the members of the democratic party, who on this occasion acted with a noble forbearance and perseverance that does them honor. Only one deserter was found—D.M. Farrelly of Crawford: J.M. Porter voted with the conservatives occasionally; Mr. Fry of Lehigh, once by mistake; but these losses were more than made up by the unflinching firmness and devotion to honest principles of Hiester of Lancaster, McDowell of Bucks, and Seltzer of Lebanon, whom neither party smiles could seduce nor party frowns intimidate from doing what they considered their duty. Purviance of Butler, and Sturdevant of Luzerne voted generally with the reformers, and Merkel of Cumberland rendered the cause some aid when it was most needed. The County members, all but Mr. Butler, who has been absent for some time by indisposition, were, all in their places, and voted as one man throughout for reform; the City members all against it.

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